

Inter-Agency Water Management Alignment Project

Town Hall Briefing

Project Purpose

Provide more value to the region
by
forming a “partnership” that improves
joint performance

Agenda

- Opening Comments
- Excerpts from consultant report
- Path Forward Plan
- First Workshop
- Closing Comments

Summary: Present

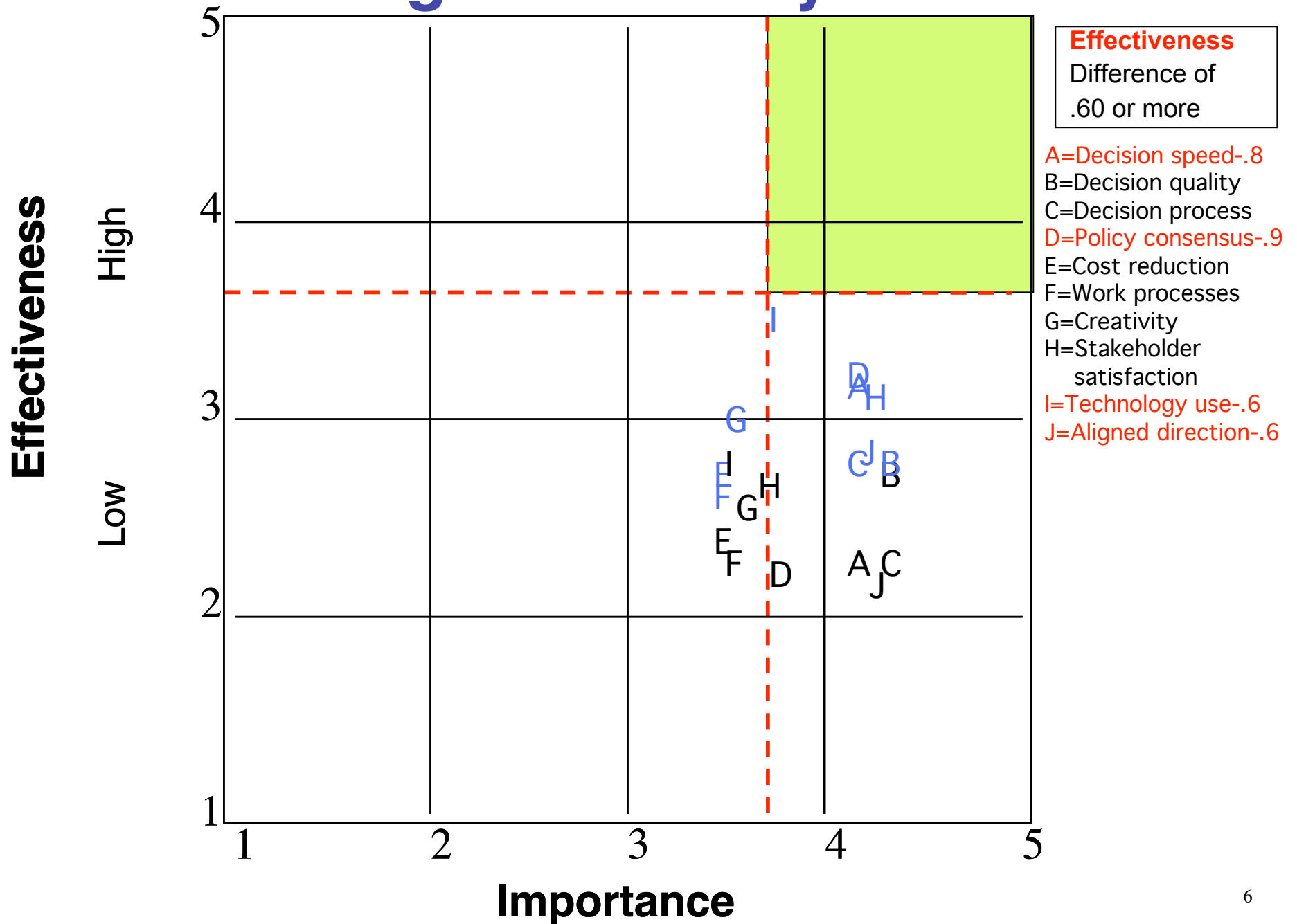
- **Un-integrated ops:** practically no joint planning & little understanding of each other: values, goals, drivers, management systems, structure
- **Senior management:** Similar goals & philosophies
- **Two very different cultures:**
 - COE: noble cause: public service, not \$; assurance of change result
 - BPA: revenue as the means to create public good; goal-oriented; higher tolerance for ambiguity & risk
- **Middle management:** Distinctly different modes of operating
 - COE: focus on decision control
 - BPA: focus on power revenue
- **Goals/Objectives:** Both task oriented with no written goals and measures
- **Relationship impact:** Little appreciation for the personal pain being inflicted, nor the amount of process loss (30% to 50%), nor the potential wasted water resource (\$5 million to \$500 million)
- **Improvement opportunity:** Solutions clear, but not easy. Many want situation improved; not all willing to change (both sides)

Project Assumptions

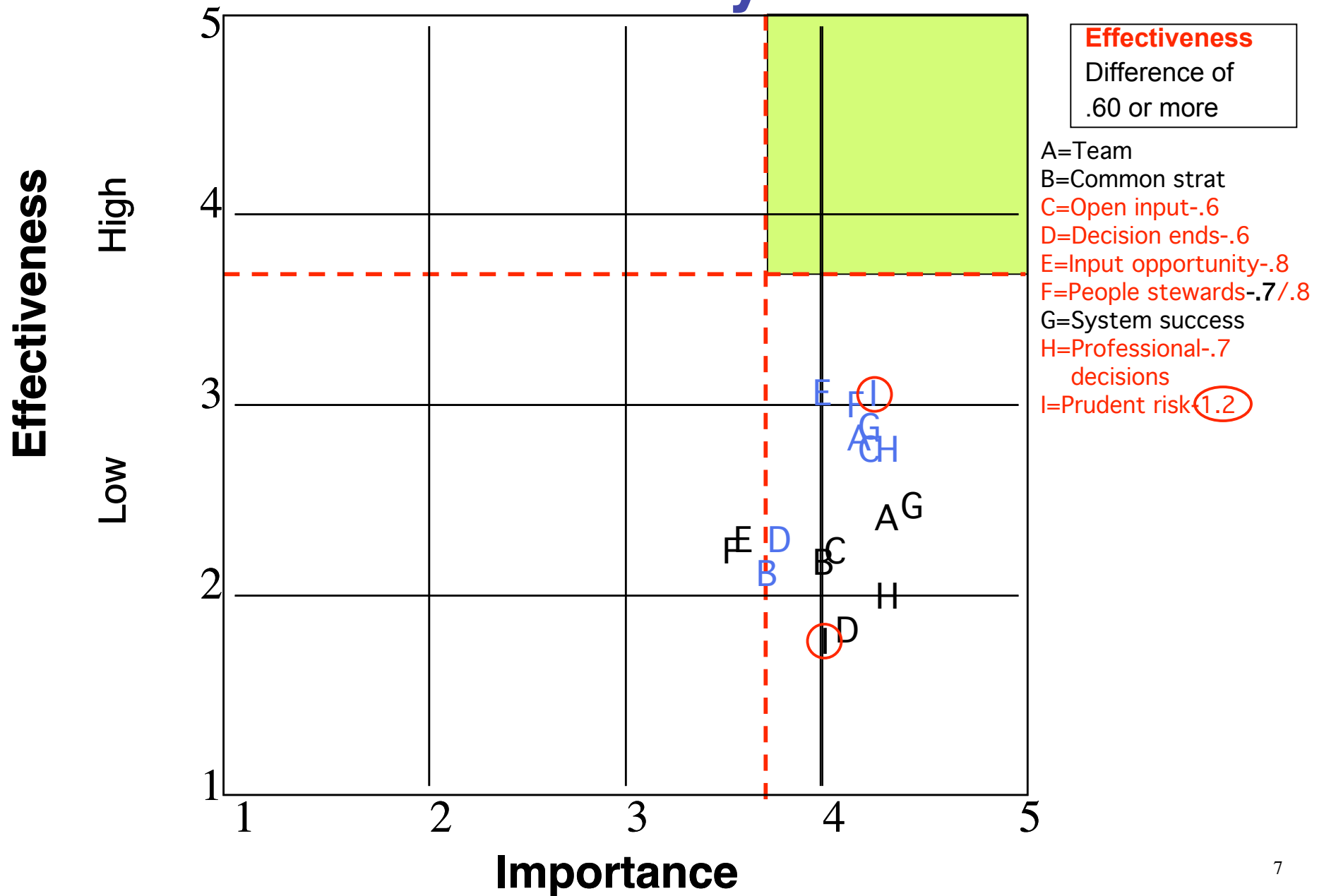
- Individuals are not to blame for organizational problems
- Underlying powerful forces create systems drivers that cause the difficulties
- The system is very complex so that those involved cannot easily understand the whole picture
- Everyone is working for success, as they define it
- Everyone in the organization must be engaged to create a sustainable solution
- The entire organization is the customer of the project

Integration Analysis

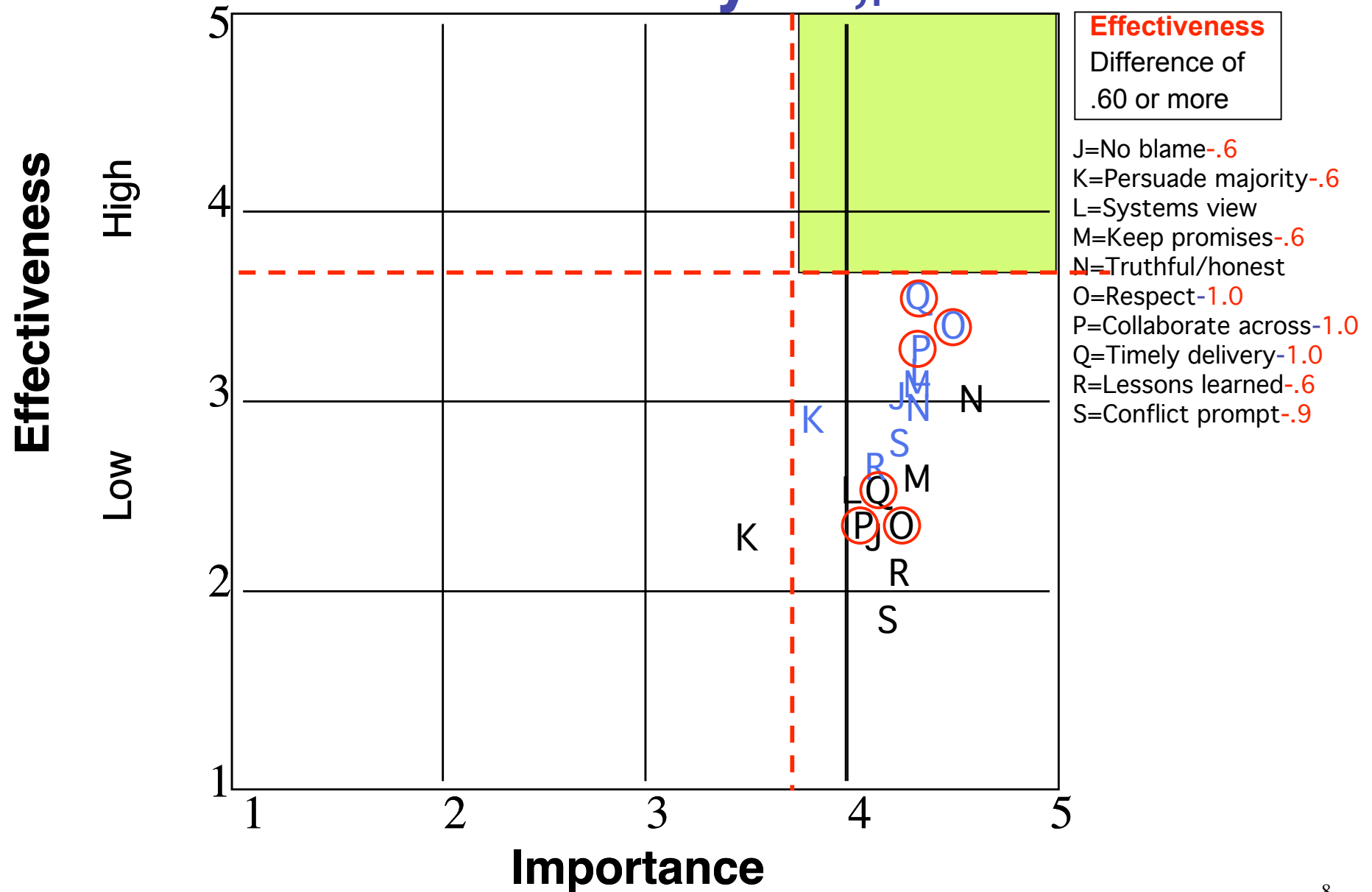
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Norms Analysis



Norms Analysis_{p.2}



Outcomes Analysis: Ranking

COE

1. Flood
2. F&W
3. Supply
4. Water Quality
5. Navigation
6. Treaty
7. Cost
8. Irrigation
9. Recreation
10. Rates
11. Resources

BPA

- | |
|-----------|
| 1. Supply |
| 2. Flood |
| 3. Rates |
| 4. Treaty |
| 5. Cost |
| 6. F&W |
7. Navigation
 8. Irrigation
 9. Water Quality
 10. Recreation
 11. Resources

Qualitative Interview Findings

COE Interviews

- Five one-on-one interviews
 - Karen Durham-Aguilera
 - Bill Branch
 - Cindy Henderson
 - Bolyvong Tanovan
 - Peter Brooks
- One focus group

Interview Findings: COE Perceptions of:

COE Mission: What is your purpose?

- **Senior Mgt:**
 - Contribute to economy
 - Environmental sustainability
- **Management:**
 - Public service: response to public/stewards of environment
 - Operate the Columbia River according to International/national regulations to accomplish public good
- **Focus Group**
 - Balance the needs of the multiple missions

Operating Philosophy

- **Senior Mgt:**
 - BPA is a partner; partnership is not about control. It is about achieving joint goals and creating win-win solutions that bring value to the region. The direct funding agreement ... a positive impact on COE.
- **Management:**
 - There is a 40-year relationship that isn't likely to change
 - Aside from avoiding brown/blackouts, power comes after other constraints implemented
- **Focus Group**
 - Revenue is a benefit to BPA

Interview Findings: COE Perceptions of:

Personal Drivers

- **Senior Mgt:**
 - Cost efficiencies/effectiveness so that money is used to best advantage to the public; apply out-of-the-box creative solutions; implement new ways of doing business
- **Management:**
 - Avoid being back-doored; on time with good guidance; doing good work; defending lawsuits

Interview Findings: COE Perceptions of:

Relationship Concerns

- **Senior Mgt:**
 - Want everyone (COE/BPA) to feel respected and their ideas honored; BPA's TMT representative argumentative
- **Management:**
 - BPA ideas are often good, it's the way they go about it (e.g., TMT rep lines up other agencies; not joint action)
 - Don't know much about my counterpart's org, about Rick's group, objectives, etc
 - There will always be conflict because of different missions -- just minimize; true partnership would include joint planning
- **Focus Group**
 - BPA disrespectful in passing around schedule and not sharing, same with data; BPA doesn't acknowledge/support COE's statutory responsibilities

Interview Findings: COE Perceptions of:

Going Well

- Direct funding agreement
- Weather & stream forecasting
- 97% of relationship
- Treaty matters
- Power planning

Interview Findings: COE Perceptions of:

Desired Roles & Responsibilities

	COE	BPA	Joint
Senior	Flood control	Power emergencies, power marketing	Hydropower: where to spend O&M/capital money, how to operate short- term taking into consideration TMT/IT
Manager	Flood Control, navigation, recreation, specific dam operations related to Clean Water Act, meeting power generation needs	Marketing power	Make sure generation is available to meet “regional load” (not an understanding of base case)
Manager	Flood control; navigation	Marketing power; transmission	Volume forecasting, meet power load
Focus Group	Flood control; on-site project operations; refill studies;	Marketing energy	Bi-Op, Treaty, Stream- flow forecasting for NW Power Pool; Power system reliability/ meeting load (BPA in lead); Transmission system reliability (BPA lead); COE set river bounds, then BPA operates within

BPA Interview Findings

- Six one-on-one interviews
 - Greg Delwiche
 - Rick Pendergrass
 - Nancy Stephan
 - John Wellschlager
 - Scott Bettin
 - Kieran Connolly
- One focus group

Interview Findings: BPA Perceptions of:

BPA Mission: What is your purpose?

- **Senior Mgt:**
 - Provide a competitive advantage for the Pacific Northwest
 - Identify the range of future scenarios that BPA should consider in managing the system, and develop an operating plan that is consistent with all the non-power requirements, projecting 18 months of probability for unsold inventory for marketing
- **Management:**
 - Optimize the FCRPS for the benefit of the ratepayer, while meeting non-power obligations; blend L-T & S-T data for desired loads
- **Focus Group**
 - Create highest value for Federal System within requirements & be trusted stewards

Operating Philosophy

- Senior Mgt:
 - The COE & BPA missions are inexorably intertwined; we must help each other achieve our goals. We should each be involved in setting the operating parameters
- Management:
 - Implied: BPA provide input for COE to set “side-boards,” then BPA operate independently
- Focus Group
 - COE focuses on flood control and simple operations; we have shared missions, but not shared responsibilities

Interview Findings: BPA Perceptions of:

Personal Drivers

- **Senior Mgt:**
 - Bi-Op & lawsuits; relationships with COE/BOR; studies & results from trading floor
- **Management:**
 - Pressure for accurate forecasts; use fewer people; flexibility to meet varying market conditions
- **Focus Group**
 - Avoid working with de facto operations manager

Interview Findings: BPA Perceptions of:

Relationship Concerns

- **Senior Mgt:**
 - As a partnership, each must understand the other party's needs and earn their trust
 - We have developed a win-lose mentality
- **Management** [outward & inward perceptions]:
 - One mgr makes all operating decisions & something has set mind against us; don't know how to be effective with person
 - If we work with others and info doesn't get to one mgr, feels blindsided; their staff is not empowered; sharing info used against us, not to help understand, so we hold back
 - We constantly change requests as markets change causing confusion; steal good people; heavy handed during power emergency; overly focused on one mission
- **Focus Group**
 - Fear of working w/ one mgr; always tension & feel not trusted

Possible BPA Actions Affecting COE Mgr Behaviors/Reactions

- Secret data; won't share info
 - Changed stories
 - Different responses to same question from different people in BPA
 - Take good people with higher grade structure
 - Blind-side in public
 - Personal interest (bonus) tied to outcomes
- = hidden agendas, suspect motives
- + Feeling of personal accountability: defend lawsuits, etc
- => Yields, lots of questioning, testing reasonableness

Interview Findings: BPA Perceptions of:

Going Well

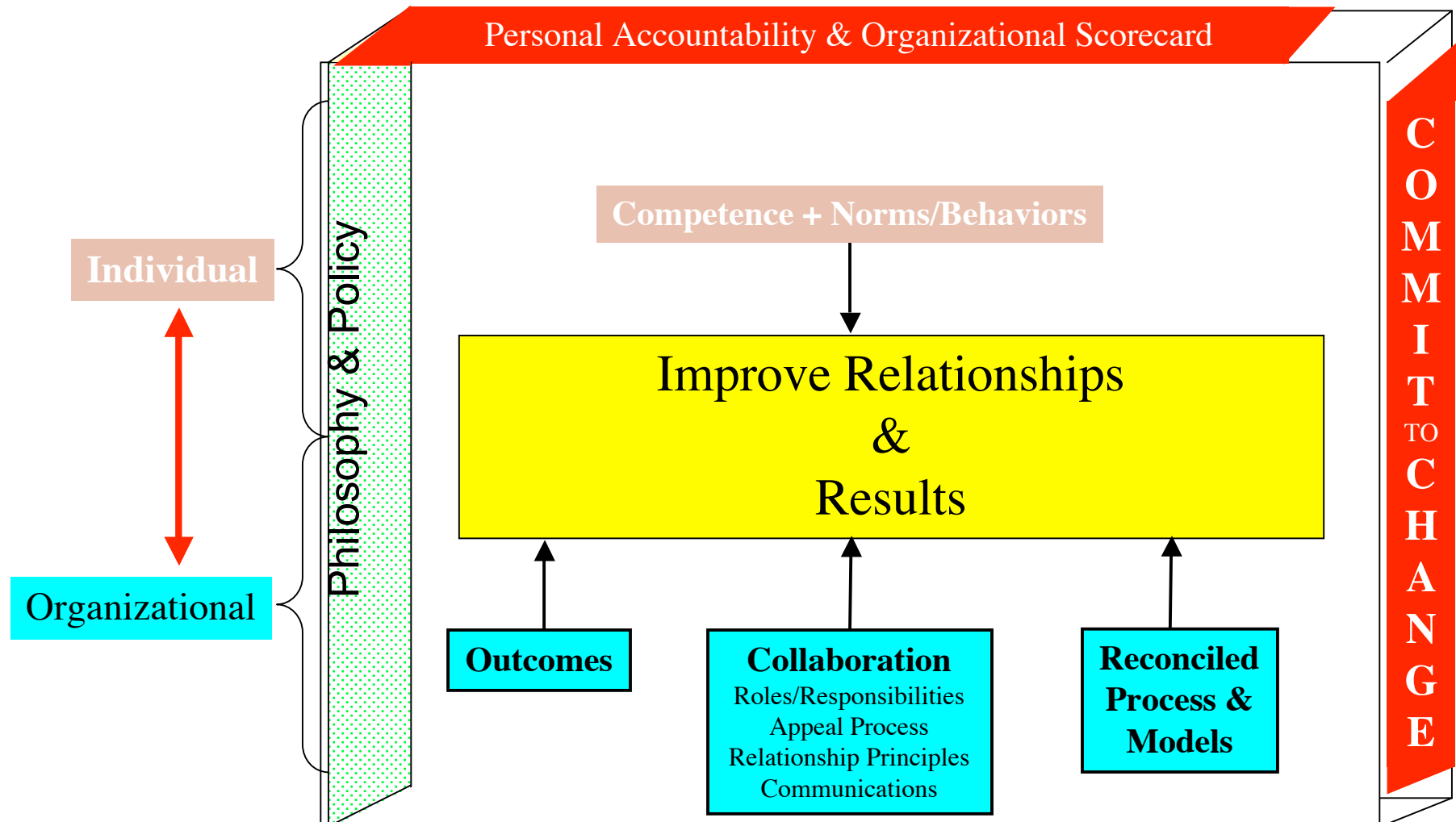
- TMT meetings
- Setting core process objectives for AOP
- Pendergrass and Branch negotiating treaty matters
- Relationships with Canada and Bureau
- Somewhat more efficient use of water
- Excellent flood forecasting

Interview Findings: BPA Perceptions of:

Desired Roles & Responsibilities

	COE	BPA	Joint
Senior	Flood control	Power emergency	Fish, Treaty; tradeoffs negotiated with COE
	Flood control	Power emergency	Fish, Treaty; tradeoffs decided by COE once a set of decision criteria are established
Manager	Fish, recreation, navigation	Maximum value of FCRPS within RCC needs;; operate within their bookends	TMT decides fish issues; treaty
Manager	Flood control (lead); navigation, operate projects	Meeting contractual load obligations, marketing	Treaty, fish, optimizing system for reliability and revenue
Manager	Navigation, recreation	Marketing	All other are joint because COE & BPA are intertwined: treaty, flood control, fish, power with joint measures of success
Focus Group	Flood control, O&M of projects, Implementation as owner-operator	Selling/marketing power; transmission	Environment, recreation, treaty, power optimization (value, risk & timing for revenue)

Model for Improvement



Recommendations

- Commitment for “heartfelt” improvement
- Agreement on what a partnership looks like:
 - Answers to policy issues governing the relationship
 - Set of relationship principles/norms
 - Clarity on roles and responsibilities
 - A set of decision criteria, and an open appeal process for key issues
 - More regular joint communications and planning
- Consensus & accountability on common long-range objectives & measures (common scorecard)
- Improvement projects and new skills application

COE/BPA Water Management Partnership Development Plan

FY04 Overview

Activity	January	February	March	April	May	June	July	August	September
Joint Organization Education Program (~80)		COE macro vision, reorg. & internal decision process & Connections	BPA macro vision, financial review & rate study; internal decision process	BPA Opns Planning: objectives, processes, COE interconnections, opportunities, challenges	COE RCC: objectives, processes, BPA interconnections, opportunities, challenges	BPA Weather & Streamflow Forecasting Same format	COE Power Branch Same format	BPA Regional Coordination Same format	COE Hydro-Logic Engineering Branch Same format
Monthly Joint Leadership Strategy & Planning Meetings (9)	Review this plan, discuss agenda framework*	First meeting: facilitated	Second meeting: facilitated	Third	Fourth Regular + progress assessment; adjustments	Fifth	COESixth	Seventh	Eighth Agenda + progress assessment; adjustments
Joint Leadership Workshops (9)	Executive review of plan	Policy & appeal process	Policy (Result goes to Execs)	Long-Term Outcomes	Outcomes; Executive review of progress	Roles & Responsibilities	Roles & Responsibilities		Buffer or commun/norms; Exec Rev.

February 2 Workshop

“AGREED” UPON NORMS

People:
Operate as a team
Operate from one common strategy & set of values
Team integrity demands diverse open input & constructive confrontation
A decision ends debate; the team demonstrates unity thereafter
Opportunity is provided for my input before major decisions are made or revised
We are all stewards of the people competency/talent bench and facilitate its broadest utilization
The team operates for total water management-system success
The decision-making process is professional (not political), based on data, and guided by what is necessary to achieve the mission, vision and/or strategy
Team members are encouraged to take prudent risk and are empowered to implement strategy & policy
Challenges and issues are addressed as process/systems issues, not to find blame or fault
Minority opinion holders have the opportunity to persuade the majority to change positions
Our team leaders take a systems view of the issues
Team members keep promises and commitments
Team members are truthful and honest
Team members treat each other with respect
Team members collaborate across organizational boundaries for joint success
Team members can be counted on to deliver services in a timely manner
Lessons learned are constructively practiced
Unresolved conflict is dealt with promptly and effectively

Focus is resolving policy

- # 1 -- What federal agency is held accountable when decisions are challenged by stakeholders? It appears that at least one COE manager feels personal responsibility for all river decisions
 - ☐ COE
 - ☐ COE & BPA
 - ☐ All federal agencies involved
- #2 -- What is the meaning of being the “honest broker”?
 - ☐ Arbitrator model: listen to all sides and decide?
 - ☐ Negotiator model: list to all sides and attempt to get a reconciliation
 - ☐ Same as above, except for imminent flood control where COE decides
 - ☐ Same, except the Corps unilaterally sets any flood control parameters
- #3 -- Prior to meetings [TMT, IT, Treaty], can COE & BPA:
 - ☐ Share data?
 - ☐ Identify concerns; explain positions
 - ☐ Develop a common approach/position, pending new data or arguments?